

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 2629-12
BILL NO.: SCS for HS for HB 1238 with SA's 1, 2, 3, 4, 5, 6, 7, 8, 9, 11, 12, 13, 14, 15, 17, 18, 19, 20 and 21
SUBJECT: County Officials: Property, Real and Personal
TYPE: Original
DATE: May 11, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	(Unknown) to \$40,000	(Unknown) to \$60,000	(Unknown) to \$60,000
Total Estimated Net Effect on <u>All</u> State Funds	(Unknown) to \$40,000	(Unknown) to \$60,000	(Unknown) to \$60,000

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$775,000 to \$825,000	\$930,000 to \$25,721,000	\$930,000 to \$25,671,000

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 12 pages.

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FISCAL ANALYSIS

ASSUMPTION

Section 50.334 - Training for Recorders of Deeds

Reimbursement of these expenses is optional under current law, those counties which are not reimbursing recorders for training would have additional costs.

Sections 59.005, 59.310 and 59.313

The **Greene County Recorder of Deeds** assumed this proposal would require the addition of a cover sheet, causing another \$3.00 per page fee to be added to the overall recording fee. If proper procedures are not followed penalties could be assessed. Officials assume no fiscal impact to Greene County.

The **Callaway County Recorder of Deeds** stated that this proposal would require instruments filed to have a cover page. Any additional fees collected would go to the County General Revenue Fund.

The **Cass County Recorder of Deeds** assumes this proposal would provide standardization for Recorders. Officials stated there could be an insignificant increase in paperwork and fees, however, officials assume no fiscal impact.

The **County Employee's Retirement Fund** officials stated that the number of document filings would be about 75% of the current level. This would be offset by the additional \$2.00 fee. The net effect would be a net increase in revenue of approximately 8.3% for their fund. Officials estimate additional revenues of \$550,000 in FY2001; \$555,000 in FY2002; and \$560,000 in FY2003.

Oversight assumes there would be an increase in revenue to the General Revenue Funds of counties from fees. Recorder of Deeds would be allowed to charge a \$5.00 fee for documents filed with no cover sheet, and for recording documents immediately which are not in compliance a fee of \$50.00 would be charged.

Section 64.337 - Clay County Park Rangers

Officials of the **Department of Elementary and Secondary Education** stated that any additional fine money distributed through the County's School Fund, would be a savings to the ASSUMPTION (continued)

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State's Schools Moneys Fund. The amount of savings is unknown however, officials assume it would be less than \$100,000 annually.

Oversight assumes that any increase in fines which would go to school districts would be offset by reduced payments to those districts through the State's Foundation Formula. Oversight also assumes that the effects on the Formula would not be material.

Officials of the **Department of Natural Resources** and the **Department of Public Safety** assumed there would be no state fiscal impact.

Section 64.342 - Clay County Marina

Oversight notes that the proposal would not affect any sources of government revenue and assumes it would allow Clay County to build and operate a marina within any area contiguous to a lake. This could cause a reallocation of County resources.

Section 67.410 - Discharge of Special Tax Bills

Provisions allowing St. Louis and Kansas City to, by ordinance, waive special tax bills associated abatements of public nuisances could have a direct fiscal impact, but that impact would be a result of actions of city government.

Sections 67.478 to 67.493, 144.757 to 144.761, and 353.020 - Community Comeback Act

Officials from **St. Louis County** estimated revenue of \$5 million to \$6 million per year from the use tax.

Officials from the **Department of Revenue**, the **Department of Economic Development**, and the **Secretary of State's Office** stated this proposal would not affect their agencies.

Oversight estimated the possible revenues based upon voters passing the use tax in August and the Department of Revenue beginning to collect the tax 1 October 2000 and based upon collections of \$6,000,000 per year. (FY 2001 collections would be for 8 months.)

Sections 67.1062 and 67.1063 - Assistance for the Homeless Program

The **St. Louis County Recorder of Deeds**, in responses to similar proposals, stated that a \$3 fee ASSUMPTION (continued)

on all instruments recorded in the County would generate about \$880,000 per year.

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Section 67.1085 - Geographical Information Systems

City of Springfield officials stated that this proposal would allow for some return on the investment made to create the basis for a Geographical Information System (GIS). Officials estimated revenue of \$25,000 in the first year from the sale of licenses based on the number of inquiries to date. They project revenues of \$50,000 to \$100,000 in subsequent years as members of the community learn of the value of possessing a license. They anticipate licenses would be purchased by planners, architects, engineering firms, contractors and real estate agents. The exact amount of new revenue for cities would of course be unknown until the number of licenses purchased each year is established.

Officials stated that the cost of administering the license and calculating the proper fee each year to be charged based on costs, amortization, etc. should not exceed the funds paid for licenses.

Section 67.1461 and 67.1545 - Community Improvement Districts

Officials of the **Department of Revenue (DOR)** noted that the proposal contains the possibility that a political subdivision comprising a *part* of Kansas City would levy a sales tax. If this happened, the Department would have significant costs to modify its automated and manual sales tax systems.

Oversight notes that any sales tax proposed would have to be approved by the voters of the improvement districts and Oversight assumes that if a district which does not comprise a county or municipality imposes a sales tax then DOR officials would request additional resources from the General Assembly in order to administer the sales tax.

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ASSUMPTION (continued)

or municipality imposes a sales tax then DOR officials would request additional resources from the General Assembly in order to administer the sales tax.

Sections 71.014 and 72.424 - Annexations

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Oversight assumes that allowing petition annexations in certain areas bordering Jackson County (71.014) and extending the deadline for owners of tracts to decide whether to become a part of Eureka or Wildwood and making a technical change to the description of Wildwood (72.424) would not have any direct fiscal effects.

Section 82.1050 - Landlord Registration Program

Oversight assumes that Kansas City officials could develop the required registration forms and made the required reports in this section using existing funds and resources.

Section 82.300 - Unauthorized Dumping and Littering

Officials of the **Kansas City Manager's Office** stated that they project fifty (50) prosecutions per year with a mature program. With the maximum penalty, the additional revenue to the City would be \$25,000 (50 times \$500). Over the years, the result of a successful program will be an ultimate decrease in dumping and a concomitant decrease in prosecutions and therefore revenue.

Oversight will show an increase in revenue due to the increase in allowed fines from \$500 to \$1000. According to Kansas City officials the increase in fine revenue would be approximately \$25,000. Oversight will show fiscal impact as \$0 to \$25,000 because a decrease in fine revenue is expected in following years.

Section 92.031 - Alternative Property Tax Levies in Kansas City

The Kansas City debt service levy is \$.14 per \$100 assessed valuation, the Kansas City health levy is \$.49, the Kansas City museum levy is \$.02, and the total Kansas City property tax levy is \$1.32. The total statutory levy ceiling is \$1.50. If Kansas City elected to do so, it could impose, under the proposed section 92.031, an annual debt service levy and an annual levy for capital improvements and operating expenses for hospital, public health, recreation grounds and museum purposes independent of the taxes for capital improvements, public health, hospital, recreation and museum purposes authorized in 92.030. If Kansas City made this election then the limits on individual and total annual tax rate levies in subdivisions (1), (2) and (3) of subdivision ASSUMPTION (continued)

92.030.2 would not apply. Kansas City could, with voter approval, raise the tax levy for capital improvements and operating expenses for hospital, public health, recreation grounds and museum purposes from current rates to a rate not to exceed \$1.00 per \$100 assessed value. Currently, the tax levies for the purposes specified is \$.51. An increase to \$1.00 for these purposes would raise about \$24,666,000. However, the increase would not have to be for the full amount and any increase in the levy would have to be approved by the voters of Kansas City.

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Section 99.053 - Number of Housing Commissioners

Officials of the **Missouri Housing Development Commission** indicated that the proposal would not have any direct fiscal impact. A commissioner who receives direct assistance from the housing authority is a federal requirement for some housing authorities.

Section 99.820 - Redevelopment Project Approvals

This proposal could require additional examinations before approval of redevelopment projects and would expand the number of entities which would have standing to make court challenges to the procedures for approving those projects. It would not directly affect any fund sources.

Section 100.331 - Reduction in Size of Planned Industrial Expansion Authorities

Oversight assumes that reducing the size of planned industrial expansion authorities would not have any direct fiscal impact on political subdivisions.

Section 135.481 - Tax Credit for Rehabilitation and Construction of Residences

Oversight notes that the proposal does not change the total amount of tax credits available for this program and that the governing body of Kansas City would have to approve the enhanced credit. (Officials of the **Department of Economic Development** would have to approve the project for the credit, initially.)

Sections 139.053, 140.110 and 140.160 - Payments for Delinquent Property Taxes

Officials of the **State Tax Commission** and the **Department of Economic Development - Division of Finance** stated that the proposal would not affect their agencies or any source of state funds.

ASSUMPTION (continued)

Section 141.220 - Allowing Clay and Buchanan Counties to Establish Land Trusts

Officials of the **State Tax Commission** stated, in a response to a similar proposal, that the proposal would have no direct fiscal impact on their agency or on state funds.

Sections 141.540, 141.550 and 141.610 - Provisions Relating to Delinquent Tax Sales and Court Administrators' Deeds

Oversight assumes that setting a time (10:00 a.m.) for sales of land with tax liens, requiring that

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bidders at such sales meet certain criteria, and allowing court administrators' deeds (as well as sheriffs' deeds) to be proof that all required actions have been taken under terms of the land tax collection law would not have any direct fiscal impact on political subdivisions.

Section 210.860 - Community Services Children's Funds

Oversight assumes that existing property tax levies for these Funds would not be affected but that Funds created after the effective date of the proposal would be financed by sales taxes. Oversight can not estimate the amount of money which would be raised by these taxes. Oversight also can not estimate administrative costs to cities or counties to collect any sales taxes approved.

Section 249.470 - Wastewater Treatment Authorities

Department of Natural Resources officials assume that since this proposal would not change the Department's authority it would have no fiscal impact on state funds.

Oversight notes that the only possible costs would be to wastewater districts assumes this proposal requires in counties of the first classification without a charter form of government, that whenever the County Commission would elect to establish a Countywide Wastewater Treatment Authority, the commission would appoint a five member Board of Trustees to operate the Wastewater District. Oversight assumes that counties would have no fiscal impact.

The Board of Trustees of the Wastewater District would receive no compensation, however, they would be reimbursed for actual and necessary expenses incurred conducting business of the district. The expenses would be paid from funds of the Wastewater District. Because establishing a Wastewater District is permissive Oversight will show fiscal impact to local government as zero.

ASSUMPTION (continued)

Section 260.210 - Solid Waste and Yard Waste

Officials of the **Department of Natural Resources** note that the tonnage fee for solid waste delivered to demolition landfills is \$1.23 and the fee for yard waste delivered to landfills and transfer stations is \$1.85. They do not expect enough "diverted" tonnage due to the proposal to cause significant fiscal impact.

Officials of the **City of Kansas City** stated that the city would save \$50,000 because the city would not have to either separate waste or deliver the unseparated waste to another state.

Section 301.025 - Proof of Payment of Personal Property Tax

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Officials of the **Department of Revenue (DOR)** noted that not all collectors report personal property tax payments electronically and that those who do report electronically do not all use the same format or send reports regularly. All branch and fee offices have electronic access to the information; therefore, DOR officials indicated that their agency would not request additional resources to carry out these provisions of the proposal.

Senate Amendment 7 - Corrective Action Plan Verifications

Officials of the **Department of Natural Resources** noted that the Department currently verifies that corrective action plans have been effected. They note that the required time frames could cause the need for additional resources, but can not at this time estimate the extent of resources which would be required.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
GENERAL REVENUE FUND			
<u>Income</u> - 1% of St. Louis County Use Tax	\$40,000	\$60,000	\$60,000
<u>Cost</u> - Department of Natural Resources: verification of corrective action plan completions	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	(Unknown) to \$40,000	(Unknown) to \$60,000	(Unknown) to \$60,000
<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
POLITICAL SUBDIVISIONS			
<u>Income</u> - Kansas City: Increased Tax Levies	\$0	\$0 to \$24,666,000	\$0 to \$24,666,000
<u>Income</u> - Kansas City: Increase Fines	\$0 to \$25,000	\$0 to \$25,000	\$0 to \$25,000
<u>Savings</u> - Kansas City: Reduced Cost for Handling Yard Wastes	\$41,667	\$50,000	\$50,000
<u>Income</u> - St. Louis County Special Homeless Fund	\$733,333	\$880,000	\$880,000
<u>Income</u> - St. Louis County Use Tax	\$3,960,000	\$5,940,000	\$5,940,000
<u>Cost</u> - St. Louis County Community Comeback Programs	(\$3,960,000)	(\$5,940,000)	(\$5,940,000)
<u>Income</u> - Springfield: GIS system use licensing fees	\$25,000	\$50,000	\$50,000

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<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
<u>Cost</u> - Springfield: administration of GIS licensing fees	(Unknown)	(Unknown)	(Unknown)
<u>Cost</u> - Counties: Reimbursement for Recorders' Training	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON POLITICAL SUBDIVISIONS	\$775,000 to \$825,000	\$930,000 to \$25,671,000	\$930,000 to \$25,671,000

FISCAL IMPACT - Small Business

Small businesses located in Clay and Buchanan counties which are delinquent in paying property taxes could be affected by this proposal. Small businesses in which have instruments recorded could be affected by this proposal. Small businesses in Kansas City which are landlords could be affected by this proposal. Small businesses which use information from Geographical Information Systems could be affected by this proposal.

DESCRIPTION

This proposal would

1) allow Clay and Buchanan counties to establish land trusts to administer the management, sale, and disposition of tax-delinquent lands;

DESCRIPTION (continued)

2) allow certain cities to discharge special tax bills related to the demolition of nuisance properties;

3) reduce the size of planned industrial expansion authority commissions;

4) set standards for prospective purchasers of property at delinquent tax sales;

5) allow court administrators' as well as sheriffs' deeds to be accepted as proof that all activities required to take liens on land under terms of the land collection law have been properly executed;

6) allow Clay County to construct and maintain a marina;

7) allow Clay County to appoint park rangers;

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- 8) enact the "Community Comeback Act", affecting St. Louis County;
- 9) expand the definition of agencies which could participate in homeless assistance programs and allow St. Louis County to, with voter approval, assess an additional three-dollar (\$3) on all recorded instruments;
- 10) provide for otherwise tax-exempt property to be subject to assessments of Community Improvement Districts;
- 11) allow Community Improvement Districts in Kansas City to levy sales taxes;
- 12) allow Kansas City to enact ordinances against illegal and unauthorized dumping and littering and to punish violations by a fine up to \$1,000 or imprisonment up to 12 months, or both;
- 13) allow the voters of Kansas City to approve a levy for capital improvements and operating expenses for hospital, public health, recreation grounds and museum purposes of up to \$1.00;
- 11) allow solid waste disposal areas and processing waste facilities serving Kansas City to accept yard waste commingled with solid waste resulting from illegal dump cleanup activities or programs conducted by the Kansas City government under terms of this proposal;
- 12) allow Community Improvement Districts in Kansas City to levy sales taxes and make provisions to govern those sales taxes;

DESCRIPTION (continued)

- 13) establish a landlord registration program in Kansas City;
- 14) add requirements to the approval process for redevelopment plans authorized under terms of the Real Property Tax Increment Allocation Redevelopment Law (sections 99.805 to 99.865);
- 15) require the Department of Natural Resources to verify that correction action plans have been acted upon within specified times after being informed that the plan had been completed;
- 16) standardize forms to be officially recorded and require counties to pay for training for Recorders of Deeds;
- 17) make certain new residence projects located in distressed communities eligible, with approval of the governing body of Kansas City, the Department of Economic Development and the Department of Natural Resources, for tax credits for 100% of demolition costs;

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18) extend authority to Springfield and first classification non-charter counties to develop geographic information systems and to charge for the use of the information in those systems;

19) change the tax which may be imposed to support Community Services Children's Funds from a property tax to a sales tax.

20) authorize the appointment of a sixth commissioner for municipal housing authorities which need to meet federal requirements that Authorities have a member who receives direct assistance from the Authority; and,

21) provide that if a countywide wastewater treatment authority is established, the County Commission would appoint a five-member Board of Trustees to be responsible for the control and operation of the countywide wastewater treatment authority and all Chapter 249 sewer districts in the county.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space. This proposal would not affect Total State Revenue.

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SOURCES OF INFORMATION

Department of Economic Development - Division of Finance
Department of Natural Resources
Department of Revenue
State Tax Commission
City of Kansas City

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is fluid and cursive, with the first name "Jeanne" being more prominent than the last name "Jarrett".

Jeanne Jarrett, CPA
Director
May 4, 2000